

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2014

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-10
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 12
Statement of Activities	B 13-14
Governmental Fund Financial Statements:	
Balance Sheet	C 15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D 16
Statement of Revenues, Expenditures and Changes in Fund Balances	E 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 18
Proprietary Fund Financial Statements:	
Statement of Net Position	G 19
Statement of Revenues, Expenses, and Changes in Fund Net Position	H 20
Statement of Cash Flows	I 21
Notes to Financial Statements	22-32
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	34
Notes to Required Supplementary Information - Budgetary Reporting	35
Schedule of Funding Progress for the Retiree Health Plan	36
	<u>Schedule</u>
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 38
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 39
Capital Project Accounts:	
Combining Balance Sheet	3 40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	4 41
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5 42-43
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6 44
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	45-46
Schedule of Findings and Responses	47-50

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2013 Election)

Matt Conner	President	2017
Renee Schon	Vice President	2017
Robert Gregory	Board Member	2017
Linda Buss	Board Member	2015
Karla Brown	Board Member	2015

(After September 2013 Election)

Matt Conner	President	2017
Renee Schon	Vice President	2017
Robert Gregory	Board Member	2017
Linda Buss	Board Member	2015
Karla Brown	Board Member	2015

School Officials

Rob Olsen	Superintendent
Denise Best	District Secretary/Treasurer

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384
Clarion, IA 50525-0384
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Independent Auditor's Report

To the Board of Education of
Glidden-Ralston Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Glidden-Ralston Community School District, Glidden, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Glidden-Ralston Community School District as of June

30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Glidden-Ralston Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2015 on our consideration of Glidden-Ralston Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Glidden-Ralston Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

March 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Glidden. Ralston Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,374,473 in fiscal year 2013 to \$3,512,863 in fiscal year 2014, while General Fund expenditures decreased from 3,739,552 in fiscal year 2013 to \$3,721,797 in fiscal year 2014. The District's General Fund balance decreased from \$3,010,438 at the end of fiscal year 2013 to \$2,801,504 at the end of fiscal year 2014, a 7% decrease,

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Glidden. Ralston Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Glidden. Ralston Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net positions one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in

the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of net position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-Wide Financial Analysis

Figure A-1 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-1

Figure 11.1

	Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2013	2014	2013	2014	2013	2014	2013-2014
	\$	\$	\$	\$	\$	\$	
Current and other assets	3,359,478	5,841,565	42,503	3,112	3,401,981	5,844,677	72%
Capital assets	5,820,717	3,738,854	1,945	34,052	5,822,662	3,772,906	-35%
Total assets	9,180,195	9,580,419	44,448	37,164	9,224,643	9,617,583	4%
Long-term liabilities	1,689,900	2,202,000	-	-	1,689,900	2,202,000	30%
Other liabilities	771,834	718,029	20,716	23,785	792,550	741,814	-6%
Total liabilities	2,461,734	2,920,029	20,716	23,785	2,482,450	2,943,814	19%
Deferred inflows of resources	1,339,496	1,505,039	4,378	-	1,343,874	1,505,039	12%
Net Position:							
Net investment in capital assets	2,079,478	1,973,854	42,503	34,052	2,121,981	2,007,906	-5%
Restricted	532,921	825,822	-	-	532,921	825,822	55%
Unrestricted	2,766,566	2,355,675	(23,149)	(20,673)	2,743,417	2,335,002	-15%
TOTAL NET POSITION	5,378,965	5,155,351	19,354	13,379	5,398,319	5,168,730	-4%

The District's total net position decreased by nearly 4%, or \$229,589, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$292,901 or 55% over the prior year. The increase was primarily a result of increased revenues from operating grants and contributions as well as decreased costs.

Unrestricted net position . the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . decreased \$408,415, or 15%. This change in unrestricted net position was a result of decreased revenues from income surtax and investment earnings.

Figure A-2 shows the change in net position for the years ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-2

	Change in Net Position						Percentage Change 2013-2014
	Governmental Activities		Business-type Activities		Total School District		
	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	
Revenues							
Program Revenues:							
Charges for services	544,467	598,522	102,396	98,644	646,863	697,166	8%
Operating grants & contributions	556,509	611,576	71,511	75,768	628,020	687,344	9%
Capital grants & contributions	-	-	-	-	-	-	-
General Revenues:							
Property taxes	1,327,470	1,341,483	-	-	1,327,470	1,341,483	1%
Income Surtax	164,428	196,928	-	-	164,428	196,928	20%
Statewide sales & service tax	282,610	266,506	-	-	282,610	266,506	-6%
Unrestricted state grants	1,125,134	1,104,812	-	-	1,125,134	1,104,812	-2%
Unrestricted investment earnings	30,993	30,238	59	55	31,052	30,293	-2%
Other revenue	3,000	3,480	-	-	3,000	3,480	16%
Total Revenues	4,034,611	4,153,545	173,966	174,467	4,208,577	4,328,012	3%
Expenses:							
Instruction	2,691,978	2,766,994	-	-	2,691,978	2,766,994	3%
Support services	1,502,664	1,338,798	-	-	1,502,664	1,338,798	-11%
Non-instructional programs	-	-	199,234	180,442	199,234	180,442	-9%
Other expenditures	381,260	271,367	-	-	381,260	271,367	-29%
Total expenses	4,575,902	4,377,159	199,234	180,442	4,775,136	4,557,601	-5%
CHANGE IN NET POSITION	(541,291)	(223,614)	(25,268)	(5,975)	(566,559)	(229,589)	59%
Net position beginning of year	5,920,256	5,378,965	44,622	19,354	5,964,878	5,398,319	-9%
Net position end of year	5,378,965	5,155,351	19,354	13,379	5,398,319	5,168,730	-4%

Property tax and unrestricted state grants account for 57% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 90% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$4,153,545 and expenses were \$4,377,159.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-3

Total and Net Cost of Governmental Activities

	Total Cost of Services	Total Cost Of Services	Net Cost of Services	Net Cost of Services
	2013	2014	2013	2014
	\$	\$	\$	\$
Instruction	2,691,978	2,766,994	1,748,732	1,829,295
Support Services	1,502,664	1,338,798	1,494,571	1,217,641
Other Expenses	381,260	271,367	231,623	120,125
TOTAL	4,575,902	4,377,159	3,474,926	3,167,061

- The cost financed by users of the District's programs was \$598,522.
- Federal and state governments and others subsidized certain programs with grants and contributions totaling \$611,576.
- The net cost of governmental activities was financed with \$1,804,917 in property and other taxes and \$1,104,812 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$174,467 and expenses were \$180,442. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Glidden-Ralston Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,459,169.

Governmental Fund Highlights

- The General Fund balance decreased from \$3,010,438 to \$2,801,504. The decrease was due primarily to staff restructuring and decreased revenues from State and Federal sources due to declining enrollment.
- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
 - The Physical Plant and Equipment Levy account balance increased from \$12,979 at June 30, 2013 to \$45,615 at June 30, 2014.

- The Statewide Sales Tax account balance increased from \$358,215 at June 30, 2013 to \$638,367 at June 30, 2014.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$19,354 at June 30, 2013 to \$13,379 at June 30, 2014, representing a decrease of approximately 31%.

BUDGETARY HIGHLIGHTS

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$3,772,906 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net increase of 11% from last year. More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expense for the year was \$236,754.

Figure A-4

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2013	2014	2013	2014	2013	2014	2013-2014
	\$	\$	\$	\$	\$	\$	
Land	10,000	10,000	-	-	10,000	10,000	0%
Construction in progress	-	609,454	-	-	-	609,454	100%
Buildings	3,000,634	2,902,492	-	-	3,000,634	2,902,492	-3%
Improvements other than buildings	61,337	55,988	-	-	61,337	55,988	-9%
Equipment & Furniture	287,507	160,920	42,503	34,052	330,010	194,972	-41%
TOTAL	3,359,478	3,738,854	42,503	34,052	3,401,981	3,772,906	11%

Long-Term Debt

At June 30, 2014, the District had \$2,202,000 in general obligation and other long-term debt outstanding. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

Figure A-5
Outstanding Long-Term Obligations

	Total School District		Percentage Change
	2013	2014	2013-2014
	\$	\$	
Governmental activities:			
General obligation bonds	1,280,000	1,090,000	-15%
Revenue Bonds	-	675,000	100%
Termination benefits	54,900	-	-100%
Net OPEB liability	355,000	437,000	23%
	<u>1,689,900</u>	<u>2,202,000</u>	<u>30%</u>
Business type activities:			
Net OPEB liability	<u>-</u>	<u>-</u>	<u>-</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- School financing is highly dependent upon student enrollment. The District's October 1, 2014 enrollment decreased by 25.3 students.
- Increased opportunities for sharing (between neighboring districts and DMACC-Carroll Campus) may increase costs or decrease costs depending on annual negotiated agreements and legislative decisions about sharing incentive money.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Denise Best, District Secretary/Treasurer and Business Manager, Glidden-Ralston Community School District, 602 Idaho, Glidden, Iowa 51443.

BASIC FINANCIAL STATEMENTS

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	3,937,477	-	3,937,477
Receivables:			
Property tax:			
Delinquent	7,961	-	7,961
Succeeding year	1,505,039	-	1,505,039
Accounts	3,804	4	3,808
Due from other governments	369,647	-	369,647
Inventories	-	3,108	3,108
Bond discount	17,637	-	17,637
Capital assets, net of accumulated depreciation	3,738,854	34,052	3,772,906
Total assets	9,580,419	37,164	9,617,583
Liabilities			
Warrants issued in excess of bank balance	121,061	17,572	138,633
Accounts payable	185,427	-	185,427
Salaries and benefits payable	397,165	1,917	399,082
Accrued interest payable	14,376	-	14,376
Deferred revenue:			
Other	-	4,296	4,296
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	195,000	-	195,000
Portion due after one year:			
General obligation bonds payable	895,000	-	895,000
Revenue bonds payable	675,000	-	675,000
Net OPEB liability	437,000	-	437,000
Total liabilities	2,920,029	23,785	2,943,814
Deferred Inflows of Resources			
Unavailable property tax revenue	1,505,039	-	1,505,039
Net position			
Net investment in capital assets	1,973,854	34,052	2,007,906
Restricted for:			
Categorical funding	47,667	-	47,667
Management levy	37,079	-	37,079
Physical plant and equipment levy	45,615	-	45,615
Student activities	57,094	-	57,094
School infrastructure	638,367	-	638,367
Unrestricted	2,355,675	(20,673)	2,335,002
Total net position	5,155,351	13,379	5,168,730

See notes to financial statements.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,883,065	311,581	387,647	-
Special	278,592	14,240	32,484	-
Other	605,337	153,705	38,042	-
	<u>2,766,994</u>	<u>479,526</u>	<u>458,173</u>	<u>-</u>
Support services:				
Student	161,784	-	-	-
Instructional staff	178,346	-	-	-
Administration	467,098	118,996	-	-
Operation and maintenance of plant	409,768	-	-	-
Transportation services	121,802	-	2,161	-
	<u>1,338,798</u>	<u>118,996</u>	<u>2,161</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	11,826	-	-	-
Long-term debt interest	34,678	-	29,870	-
AEA flowthrough	121,372	-	121,372	-
Depreciation (unallocated)*	103,491	-	-	-
	<u>271,367</u>	<u>-</u>	<u>151,242</u>	<u>-</u>
Total governmental activities	<u>4,377,159</u>	<u>598,522</u>	<u>611,576</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	180,442	98,644	75,768	-
Total business type activities	<u>4,557,601</u>	<u>697,166</u>	<u>687,344</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,183,837)	-	(1,183,837)
(231,868)	-	(231,868)
(413,590)	-	(413,590)
<u>(1,829,295)</u>	<u>-</u>	<u>(1,829,295)</u>
(161,784)	-	(161,784)
(178,346)	-	(178,346)
(348,102)	-	(348,102)
(409,768)	-	(409,768)
(119,641)	-	(119,641)
<u>(1,217,641)</u>	<u>-</u>	<u>(1,217,641)</u>
(11,826)	-	(11,826)
(4,808)	-	(4,808)
-	-	-
(103,491)	-	(103,491)
<u>(120,125)</u>	<u>-</u>	<u>(120,125)</u>
(3,167,061)	-	(3,167,061)
-	(6,030)	(6,030)
<u>(3,167,061)</u>	<u>(6,030)</u>	<u>(3,173,091)</u>
1,201,885	-	1,201,885
96,483	-	96,483
43,115	-	43,115
196,928	-	196,928
266,506	-	266,506
1,104,812	-	1,104,812
30,238	55	30,293
3,480	-	3,480
<u>2,943,447</u>	<u>55</u>	<u>2,943,502</u>
(223,614)	(5,975)	(229,589)
<u>5,378,965</u>	<u>19,354</u>	<u>5,398,319</u>
<u>5,155,351</u>	<u>13,379</u>	<u>5,168,730</u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2014

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Assets					
Cash, cash equivalents and pooled investments	3,044,899	-	802,117	90,461	3,937,477
Receivables:					
Property tax:					
Delinquent	6,897	571	255	238	7,961
Succeeding year	1,080,486	178,743	47,311	198,499	1,505,039
Accounts	-	-	-	3,804	3,804
Due from other governments	327,490	-	42,157	-	369,647
Total assets	4,459,772	179,314	891,840	293,002	5,823,928
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Bank overdraft	-	121,061	-	-	121,061
Accounts payable	24,550	-	160,547	330	185,427
Salaries and benefits payable	397,165	-	-	-	397,165
Total liabilities	<u>421,715</u>	<u>121,061</u>	<u>160,547</u>	<u>330</u>	<u>703,653</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,080,486	178,743	47,311	198,499	1,505,039
Income surtax	156,067	-	-	-	156,067
Total deferred inflows of resources	<u>1,236,553</u>	<u>178,743</u>	<u>47,311</u>	<u>198,499</u>	<u>1,661,106</u>
Fund balances:					
Restricted for:					
Categorical funding	47,667	-	-	-	47,667
Management levy	-	-	-	37,079	37,079
Student activities	-	-	-	57,094	57,094
School infrastructure	-	-	638,367	-	638,367
Physical plant and equipment	-	-	45,615	-	45,615
Unassigned	2,753,837	(120,490)	-	-	2,633,347
Total fund balances	<u>2,801,504</u>	<u>(120,490)</u>	<u>683,982</u>	<u>94,173</u>	<u>3,459,169</u>
Total liabilities, deferred inflows of resources and fund balances	4,459,772	179,314	891,840	293,002	5,823,928

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2014

	\$
Total fund balances of governmental funds (Exhibit C)	3,459,169
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,738,854
Unamortized bond discounts are recorded in the governmental activities.	17,637
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	156,067
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(14,376)
Long-term liabilities, including bonds payable, termination benefits and other post employment benefits are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(2,202,000)</u>
Net position of governmental activities (Exhibit A)	<u><u>5,155,351</u></u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2014

	General	Debt	Nonmajor	Nonmajor	Total
	Service	Capital	Governmental		
	\$	\$	Projects	\$	\$
Revenues:					
Local sources:					
Local tax	1,358,103	96,483	43,115	40,290	1,537,991
Tuition	243,023	-	-	-	243,023
Other	225,292	29,870	9,430	154,495	419,087
State sources	1,549,617	39	266,523	17	1,816,196
Federal sources	136,828	-	-	-	136,828
Total revenues	<u>3,512,863</u>	<u>126,392</u>	<u>319,068</u>	<u>194,802</u>	<u>4,153,125</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,724,402	-	-	59,100	1,783,502
Special	269,481	-	-	-	269,481
Other	436,920	-	-	161,584	598,504
	<u>2,430,803</u>	<u>-</u>	<u>-</u>	<u>220,684</u>	<u>2,651,487</u>
Support services:					
Student	157,228	-	-	-	157,228
Instructional staff	176,068	-	-	-	176,068
Administration	458,844	-	-	-	458,844
Operation and maintenance of plant	275,147	-	60,000	70,996	406,143
Transportation	102,335	-	-	-	102,335
	<u>1,169,622</u>	<u>-</u>	<u>60,000</u>	<u>70,996</u>	<u>1,300,618</u>
Other expenditures:					
Facilities acquisition	-	-	621,280	-	621,280
Long-term debt:					
Principal	-	190,000	-	-	190,000
Interest and fiscal charges	-	18,336	-	-	18,336
AEA flowthrough	121,372	-	-	-	121,372
	<u>121,372</u>	<u>208,336</u>	<u>621,280</u>	<u>-</u>	<u>950,988</u>
Total expenditures	<u>3,721,797</u>	<u>208,336</u>	<u>681,280</u>	<u>291,680</u>	<u>4,903,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(208,934)</u>	<u>(81,944)</u>	<u>(362,212)</u>	<u>(96,878)</u>	<u>(749,968)</u>
Other financing sources (uses):					
Bonds issued	-	-	675,000	-	675,000
Change in fund balances	(208,934)	(81,944)	312,788	(96,878)	(74,968)
Fund balances beginning of year	<u>3,010,438</u>	<u>(38,546)</u>	<u>371,194</u>	<u>191,051</u>	<u>3,534,137</u>
Fund balances end of year	<u>2,801,504</u>	<u>(120,490)</u>	<u>683,982</u>	<u>94,173</u>	<u>3,459,169</u>

See notes to financial statements.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2014

	\$	\$
Change in fund balances - total governmental funds (Exhibit E)		(74,968)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:		
Expenditures for capital assets	609,454	
Depreciation expense	<u>(230,078)</u>	379,376
Amortization of bond discount.		(2,939)
Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		420
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		190,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(13,403)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	54,900	
Other postemployment benefits	<u>(82,000)</u>	(27,100)
Proceeds from issuing long-term liabilities are included in the governmental funds but increase long-term liabilities in the Statement of Net Position.		<u>(675,000)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>(223,614)</u></u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds

June 30, 2014

	Nonmajor School Nutrition
	<u>\$</u>
Assets	
Current assets:	
Accounts receivable	4
Inventories	3,108
Total current assets	<u>3,112</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>34,052</u>
Total assets	<u>37,164</u>
Liabilities	
Current liabilities:	
Bank overdraft	17,572
Salaries and benefits payable	1,917
Deferred revenue	4,296
Total liabilities	<u>23,785</u>
Net position	
Invested in capital assets	34,052
Unrestricted	<u>(20,673)</u>
Total net position	<u>13,379</u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2014

	Nonmajor School Nutrition
	<u>\$</u>
Operating revenues:	
Local sources:	
Charges for service	<u>98,644</u>
Operating expenses:	
Non-instructional programs:	
Salaries	50,984
Benefits	16,139
Supplies	104,868
Depreciation	6,676
Other	1,775
Total operating expenses	<u>180,442</u>
Operating income (loss)	<u>(81,798)</u>
Non-operating revenues:	
State sources	1,684
Federal sources	74,084
Interest income	55
Total non-operating revenues	<u>75,823</u>
Change in net position	(5,975)
Net position beginning of year	<u>19,354</u>
Net position end of year	<u><u>13,379</u></u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2014

	Nonmajor School Nutrition
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	98,558
Cash paid to employees for services	(66,413)
Cash paid to suppliers for goods or services	(91,988)
Net cash used by operating activities	<u>(59,843)</u>
Cash flows from non-capital financing activities:	
State grants received	1,684
Federal grants received	59,750
Net cash provided by non-capital financing activities	<u>61,434</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>55</u>
Net increase (decrease) in cash and cash equivalents	1,646
Cash and cash equivalents at beginning of year	<u>(19,218)</u>
Cash and cash equivalents at end of year	<u><u>(17,572)</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(81,798)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	14,334
Depreciation	8,451
Decrease (increase) in inventories	(1,163)
Decrease (increase) in accounts receivable	(4)
(Decrease) increase in accounts payable	(291)
(Decrease) increase in salaries and benefits payable	710
(Decrease) increase in deferred revenue	<u>(82)</u>
Net cash used by operating activities	<u><u>(59,843)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014 the District received \$14,334 of federal commodities.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

Glidden-Ralston Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Glidden and Ralston, Iowa and the predominately agricultural territory in a portion of Carroll and Greene Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Glidden-Ralston Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Elmer Smith Scholarship School Trust meets the criteria for a component unit.

The board of directors of the Glidden-Ralston Community School District is also the trustee of the Elmer Smith Scholarship School Trust. Up to 60% of the Trust's income may benefit the Glidden-Ralston Community School District, \$750 annually benefits other local charities and the rest of the income provides college scholarships to graduates of the Glidden-Ralston Community School District. Under U.S. generally accepted governmental accounting standards the Trust should be included in the District's financial statements. The Trust has not been included in these financial statements upon the advice of the Trust's legal counsel.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The Debt Service Fund is used to retire debt of the District.

The District's proprietary fund consists of the Enterprise, School Nutrition Fund. This fund is used to account for the operations of the District's food service operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year

becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	5,000
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	5-25 years
Intangibles	3-20 years
Furniture and equipment	3-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Deferred Inflows of Resources . Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures did not exceed the amended amounts budgeted.

2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2014 were entirely covered by Federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3 as amended by Statement No. 40.

3. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	10,000	-	-	10,000
Construction in progress	-	609,454	-	609,454
Total capital assets not being dpr.	<u>10,000</u>	<u>609,454</u>	<u>-</u>	<u>619,454</u>
Capital assets being depreciated:				
Buildings	4,918,645	-	-	4,918,645
Improvements other than buildings	107,912	-	-	107,912
Furniture and equipment	803,718	-	-	803,718
Total capital assets being deprec.	<u>5,830,275</u>	<u>-</u>	<u>-</u>	<u>5,830,275</u>
Less accumulated depreciation for:				
Buildings	1,918,011	98,142	-	2,016,153
Improvements other than buildings	46,575	5,349	-	51,924
Furniture and equipment	516,211	126,587	-	642,798
Total accumulated depreciation	<u>2,480,797</u>	<u>230,078</u>	<u>-</u>	<u>2,710,875</u>
Total capital assets being depreciated, net	<u>3,349,478</u>	<u>(230,078)</u>	<u>-</u>	<u>3,119,400</u>
Governmental activities capital assets, net	<u>3,359,478</u>	<u>379,376</u>	<u>-</u>	<u>3,738,854</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	179,918	-	1,775	178,143
Less accumulated depreciation	<u>137,415</u>	<u>6,676</u>	<u>-</u>	<u>144,091</u>
Business type activities capital assets, net	<u>42,503</u>	<u>(6,676)</u>	<u>1,775</u>	<u>34,052</u>

Depreciation expense was charged to the following functions:

	\$
Instruction:	
Regular instruction	102,074
Support services:	
Administration	3,698
Operation and maintenance	1,348
Transportation	19,467
	<u>126,587</u>
Unallocated depreciation	<u>103,491</u>
Total depreciation expense . governmental activities	<u>230,078</u>
Business type activities:	
Food services	<u>6,676</u>

4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year \$	Additions \$	Reductions \$	Balance End of Year \$	Due Within One Year \$
Governmental activities:					
General obligation bonds	1,280,000	-	190,000	1,090,000	195,000
Revenue bonds	-	675,000	-	675,000	-
Termination benefits	54,900	-	54,900	-	-
Net OPEB liability	<u>355,000</u>	<u>82,000</u>	<u>-</u>	<u>437,000</u>	<u>-</u>
Total	<u>1,689,900</u>	<u>757,000</u>	<u>244,900</u>	<u>2,202,000</u>	<u>195,000</u>
Business type activities:					
Net OPEB liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least twenty years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits will be paid in the next year.

At June 30, 2014, the District has no obligation to any participants. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$54,900.

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of 2013			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2015	1.00	-	18,519	18,519
2016	1.00	100,000	15,488	115,488
2017	1.30	100,000	14,337	114,337
2018	1.30	-	13,688	13,688
2019	1.30	-	13,687	13,687
2020-2025	1.30-3.20	475,000	57,156	532,156
		<u>675,000</u>	<u>132,875</u>	<u>807,875</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$675,000 bonds issued in October 2013. The bonds were issued for the purpose of financing the district's HVAC improvement project. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2025. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 45% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$807,875. For the current year, no principal and no interest was paid on the bonds and total statewide sales, services and use tax revenues were \$266,506.

General Obligation Bonds Payable

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ended June 30,	Refunding Bond Issue of May 2013			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2015	0.55	195,000	9,243	204,243
2016	0.60	195,000	8,170	203,170
2017	0.75	200,000	7,000	207,000
2018	1.00	200,000	5,500	205,500
2019	1.10	200,000	3,500	203,500
2020	1.30	100,000	1,300	101,300
		<u>1,090,000</u>	<u>34,713</u>	<u>1,124,713</u>

Bond Refunding

On May 1, 2013, the District issued \$1,280,000 of general obligation refunding bonds with interest rates ranging between 0.4% and 1.3%. The District issued the bonds to refund \$1,415,000 of the outstanding November, 2005 general obligation refunding bonds with interest rates of 3.7% to 4.1%. The District used the net proceeds to call and pay the balance of the 2005 issue.

The refunding reduced total debt service payments over the next seven years by \$132,846. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$127,764.

5. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements

and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$200,840, \$181,927 and \$162,852 respectively, equal to the required contributions for each year.

6. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 36 active members covered by the District's health plan, 15 active members who have waived coverage, and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Mercer. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	119,000
Interest on net OPEB obligation	12,000
Adjustment to annual required contribution	<u>(10,000)</u>
Annual OPEB cost	121,000
Contributions made	<u>39,000</u>
Increase in net OPEB obligation	82,000
Net OPEB obligation beginning of year	<u>355,000</u>
Net OPEB obligation end of year	<u><u>437,000</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$39,000 to the medical plan. Plan members eligible for benefits contributed \$21,680, or 100% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$	%	\$
2010	125,000	25.6%	93,000
2011	125,637	28.9%	183,637
2012	125,637	33.4%	267,274
2013	121,000	27.5%	355,000
2014	121,000	32.2%	437,000

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$1,110,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,110,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,625,000 and the ratio of the UAAL to covered payroll was 68.3%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the alternative measurement method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

7. Risk Management

Glidden - Ralston Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

8. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$121,372 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

9. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
	\$
Early literacy	13,223
Teacher leadership	5,942
Teacher salary supplement	6,062
Core curriculum	13,035
Educator quality, professional development	9,405
	<u>47,667</u>

10. Construction Contracts

The District entered into construction contracts totaling \$807,847 of which \$609,454 was completed as of June 30, 2014.

11. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2014

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original \$	Final \$	\$
Revenues:						
Local sources	2,200,101	98,699	2,298,800	2,739,775	2,739,775	(440,975)
State sources	1,816,196	1,684	1,817,880	1,686,772	1,686,772	131,108
Federal sources	136,828	74,084	210,912	285,595	285,595	(74,683)
Total revenues	<u>4,153,125</u>	<u>174,467</u>	<u>4,327,592</u>	<u>4,712,142</u>	<u>4,712,142</u>	<u>(384,550)</u>
Expenditures/Expenses:						
Instruction	2,651,487	-	2,651,487	3,509,100	3,509,100	857,613
Support services	1,300,618	-	1,300,618	2,279,600	2,279,600	978,982
Non-instructional programs	-	180,442	180,442	685,000	685,000	504,558
Other expenditures	950,988	-	950,988	454,154	1,350,000	399,012
Total expenditures/expenses	<u>4,903,093</u>	<u>180,442</u>	<u>5,083,535</u>	<u>6,927,854</u>	<u>7,823,700</u>	<u>2,740,165</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(749,968)	(5,975)	(755,943)	(2,215,712)	(3,111,558)	2,355,615
Other financing sources (uses) net	<u>675,000</u>	<u>-</u>	<u>675,000</u>	<u>-</u>	<u>-</u>	<u>675,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(74,968)	(5,975)	(80,943)	(2,215,712)	(3,111,558)	3,030,615
Balance beginning of year	<u>3,534,137</u>	<u>19,354</u>	<u>3,553,491</u>	<u>3,019,782</u>	<u>3,019,782</u>	<u>533,709</u>
Balance end of year	<u><u>3,459,169</u></u>	<u><u>13,379</u></u>	<u><u>3,472,548</u></u>	<u><u>804,070</u></u>	<u><u>(91,776)</u></u>	<u><u>3,564,324</u></u>

See accompanying independent auditor's report

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District amended the budget.

During the year ended June 30, 2014, expenditures did not exceed the amended amounts budgeted .

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	1,127,000	1,127,000	0.0%	1,140,000	98.9%
2011	July 1, 2009	-	1,127,000	1,127,000	0.0%	1,310,000	86.0%
2012	July 1, 2009	-	1,127,000	1,127,000	0.0%	1,425,000	79.1%
2013	July 1, 2012	-	1,110,000	1,110,000	0.0%	1,533,000	72.4%
2014	July 1, 2012	-	1,110,000	1,110,000	0.0%	1,625,000	68.3%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Funds		2014 Total
	2014 Management Levy	2014 Student Activity	
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	36,603	53,858	90,461
Receivables:			
Property tax:			
Delinquent	238	-	238
Succeeding year	198,499	-	198,499
Accounts	238	3,566	3,804
Total assets	<u>235,578</u>	<u>57,424</u>	<u>293,002</u>
Liabilities, Deferred Inflows of Resources & Fund Balances			
Liabilities:			
Accounts payable	-	330	330
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	198,499	-	198,499
Fund balances:			
Restricted for:			
Management levy	37,079	-	37,079
Student activities	-	57,094	57,094
Total fund balances	37,079	57,094	94,173
Total liabilities, deferred inflows of resources and fund balances	<u>235,578</u>	<u>57,424</u>	<u>293,002</u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2014

	Special Revenue Funds		
	Management	Student	
	Levy	Activity	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	40,290	-	40,290
Other	3,837	150,658	154,495
State sources	17	-	17
Total revenues	<u>44,144</u>	<u>150,658</u>	<u>194,802</u>
Expenditures:			
Current:			
Instruction:			
Regular	59,100	-	59,100
Other	-	161,584	161,584
Support services:			
Operation and maintenance of plant	70,996	-	70,996
Total expenditures	<u>130,096</u>	<u>161,584</u>	<u>291,680</u>
Change in fund balance	(85,952)	(10,926)	(96,878)
Fund balances beginning of year	<u>123,031</u>	<u>68,020</u>	<u>191,051</u>
Fund balances end of year	<u><u>37,079</u></u>	<u><u>57,094</u></u>	<u><u>94,173</u></u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Capital Project Accounts

June 30, 2014

Assets	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Cash and pooled investments	756,756	45,361	802,117
Receivables:			
Property tax:			
Delinquent	-	255	255
Succeeding year	-	47,311	47,311
Due from other governments	42,157	-	42,157
Total assets	798,913	92,927	891,840
Liabilities, Deferred Inflows of Resources & Fund Balances			
Liabilities:			
Accounts payable	160,546	1	160,547
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	47,311	47,311
Fund balances:			
Restricted for:			
School infrastructure	638,367	-	638,367
Physical plant and equipment	-	45,615	45,615
Total fund balances	638,367	45,615	683,982
Total liabilities, deferred inflows of resources and fund balances	798,913	92,927	891,840

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Accounts

Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	-	43,115	43,115
Other	5,435	3,995	9,430
State sources	266,506	17	266,523
Total revenues	<u>271,941</u>	<u>47,127</u>	<u>319,068</u>
Expenditures:			
Current:			
Support services:			
Operation and maintenance of plant	56,665	3,335	60,000
Other expenditures:			
Facilities acquisition	610,124	11,156	621,280
Total expenditures	<u>666,789</u>	<u>14,491</u>	<u>681,280</u>
Excess (deficiency) of revenues over (under) expenditures	(394,848)	32,636	(362,212)
Other financing sources (uses):			
Bonds issued	<u>675,000</u>	-	<u>675,000</u>
Change in fund balance	280,152	32,636	312,788
Fund balances beginning of year	<u>358,215</u>	<u>12,979</u>	<u>371,194</u>
Fund balance end of year	<u><u>638,367</u></u>	<u><u>45,615</u></u>	<u><u>683,982</u></u>

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

Account	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Officials	(1,058)	-	110	1,168	-
Drama	543	2,060	3,464	861	-
Speech	(929)	-	654	1,583	-
Vocal	243	850	1,545	452	-
Instrumental	4,904	7,935	11,222	(234)	1,383
Boys high school basketball	1,343	6,092	6,656	(779)	-
Junior high basketball	(2,120)	-	990	3,110	-
High school football	11,619	23,031	20,309	(14,341)	-
Junior high football	(300)	-	492	792	-
Baseball	(8,225)	7,136	10,298	11,387	-
Boys high school track	(822)	703	1,296	1,415	-
Girls high school basketball	1,500	2,788	2,882	(1,406)	-
Cheerleading	1,011	1,065	846	-	1,230
Dance team	22	6,499	4,705	-	1,816
Volleyball	(857)	5,761	5,439	535	-
Junior high volleyball	(780)	-	240	1,020	-
Softball	(3,361)	3,742	5,995	5,614	-
Girls high school track	(689)	395	1,027	1,321	-
Junior high track	(533)	-	555	1,088	-
Student services	925	1,127	-	(2,052)	-
Towels & padlocks	1,911	754	299	(2,366)	-
Fund raiser	147	1,146	1,128	-	165
Resale	1,483	2,719	4,656	454	-
Activities resale	(908)	1,079	1,048	(6,817)	(7,694)
Activity tickets	18,387	6,800	-	(25,187)	-
Class of 2009	75	-	-	(75)	-
Class of 2010	435	-	-	(435)	-
Class of 2011	18	-	-	(18)	-
Class of 2012	210	-	-	(210)	-
Class of 2013	644	-	-	(644)	-
Class of 2014	2,746	125	2,636	(235)	-
Class of 2015	2,441	7,581	8,038	(74)	1,910
Class of 2016	614	3,476	855	-	3,235
Class of 2017	-	2,110	2,012	-	98
Class of 2018	-	2,520	1,111	-	1,409
Class of 2019	-	25	-	18	43
FFA	9,000	23,471	24,049	(1,115)	7,307
FHA	1,473	-	-	241	1,714
Golf	(1,834)	62	1,349	3,121	-

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Interest	(3,663)	453	952	4,050	(112)
Science club	2,947	20,311	23,339	156	75
Spanish club	2,715	510	976	46	2,295
Art club	51	-	-	-	51
Student council	2,091	1,447	2,200	42	1,380
Yearbook	17,871	6,885	8,211	(2,624)	13,921
Glidden school newspaper	141	-	-	-	141
Undesignated	6,589	-	-	20,138	26,727
Totals	68,020	150,658	161,584	-	57,094

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

Modified Accrual Basis

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	1,537,991	1,766,198	1,770,443	1,650,245	1,543,282	1,662,973	1,427,211	1,455,241	1,293,991	1,322,892
Tuition	243,023	386,069	287,090	291,067	267,262	289,657	250,925	210,555	190,555	167,328
Other	419,087	220,073	337,752	275,439	332,069	311,201	309,670	236,498	300,778	192,146
State sources	1,816,196	1,562,783	1,661,774	1,607,956	1,479,943	1,826,112	1,876,970	1,694,426	1,576,713	1,589,601
Federal sources	136,828	88,178	144,355	199,075	355,247	141,917	141,766	125,152	309,604	146,316
Total revenues	<u>4,153,125</u>	<u>4,023,301</u>	<u>4,201,414</u>	<u>4,023,782</u>	<u>3,977,803</u>	<u>4,231,860</u>	<u>4,006,542</u>	<u>3,721,872</u>	<u>3,671,641</u>	<u>3,418,283</u>
Expenditures:										
Instruction:										
Regular	1,783,502	1,962,380	1,535,821	1,431,274	1,468,617	1,416,188	1,471,511	1,363,502	1,080,908	1,354,536
Special	269,481	295,057	234,639	268,291	261,329	265,548	202,786	258,081	225,238	250,374
Other	598,504	499,664	466,659	393,474	416,495	449,658	439,349	434,083	433,517	346,666
Support services:										
Student	157,228	177,740	168,723	175,254	139,914	154,582	128,839	127,748	163,758	140,147
Instructional staff	176,068	86,300	85,974	150,157	214,362	195,013	143,006	162,873	222,871	65,348
Administration	458,844	366,117	337,217	312,127	315,866	304,656	299,061	265,158	268,196	293,552
Operation and maintenance	406,143	735,052	330,526	296,430	274,744	268,289	285,027	301,348	271,928	191,399
Transportation	102,335	110,652	84,845	110,159	100,459	128,023	98,903	164,648	110,003	96,621
Other expenditures:										
Facilities acquisition	621,280	124,431	131,639	102,424	149,503	70,342	80,939	197,596	97,977	41,733
Long-term debt:										
Principal	190,000	1,415,000	160,000	150,000	120,000	140,000	135,000	130,000	195,000	110,000
Interest and other charges	18,336	79,296	61,480	66,680	71,175	75,614	79,291	82,465	145,680	104,665
AEA flowthrough	121,372	118,955	119,778	135,075	134,385	126,171	124,474	114,464	106,775	107,439
Total expenditures	<u>4,903,093</u>	<u>5,970,644</u>	<u>3,717,301</u>	<u>3,591,345</u>	<u>3,666,849</u>	<u>3,594,084</u>	<u>3,488,186</u>	<u>3,601,966</u>	<u>3,321,851</u>	<u>3,102,480</u>

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Independent Auditor's Report on Internal Control
Over Financial Reporting and on compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Glidden-Ralston Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Glidden-Ralston Community School District and of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Glidden-Ralston Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Glidden-Ralston Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Glidden-Ralston Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as items 14-I-A, 14-I-B and 14-I-C to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glidden-Ralston Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Glidden-Ralston Community School District's Responses to the Findings

Glidden-Ralston Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Glidden-Ralston Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Glidden-Ralston Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

March 31, 2015

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2014

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

14-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, payroll processing, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

14-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2014

Part I: Findings Related to the Financial Statements (continued):

14-I-C Signature Stamp: We noted that a stamp bearing the signatures of the Board President and Board Secretary is used to sign checks. The Board Secretary prints the checks and uses the stamp to sign the checks.

Recommendation: This practice negates the control established by requiring two signatures on the checks. The board secretary should not have access to or use a stamp with the Board President's signature.

District Response: We will discuss methods to limit access to the stamp.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

- 14-II-A Certified Budget: Expenditures for the year ended June 30, 2014 did not exceed the certified budget amount.
- 14-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 14-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 14-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Robert Gregory, board member, contractor	repairs	\$977

The transaction does not appear to represent a conflict of interest since the dollar amount was less than \$2,500.

- 14-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 14-II-F Board Minutes: We noted no transactions requiring Board approval that had not been approved by the Board.
- 14-II-G Certified Enrollment: The number of resident students reported to the Iowa Department of Education at October, 2013, was overstated by .3 students. Student was counted as HSAP, however, she was enrolled in an online academy and not eligible to be counted.

Recommendation: The District should review its control procedures to ensure accurate counts in the future.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

- 14-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 14-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 14-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education by the due date.

GLIDDEN-RALSTON COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting (continued):

14-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

14-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the following information includes the amounts reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2014 audit:

	\$	\$
Beginning balance		358,215
Revenues/transfers in:		
Revenue Bonds issued	675,000	
Statewide sales, services and use tax revenue	266,506	
Other local revenues	5,435	946,941
	<hr/>	
Expenditures/transfers out:		
School infrastructure construction	610,124	
Operation and maintenance	56,665	666,789
	<hr/>	
Ending balance		<hr/> <hr/> 638,367

14-II-M Fund Deficits: We noted several accounts in the Student Activity Fund with deficit balances and the Debit Service and School Nutrition Funds had unassigned deficit balances at June 30, 2014.

Recommendation: The District should seek ways to eliminate the deficits.

District Response: We are trying to reduce those accounts with deficit balances.

Conclusion: Response accepted.